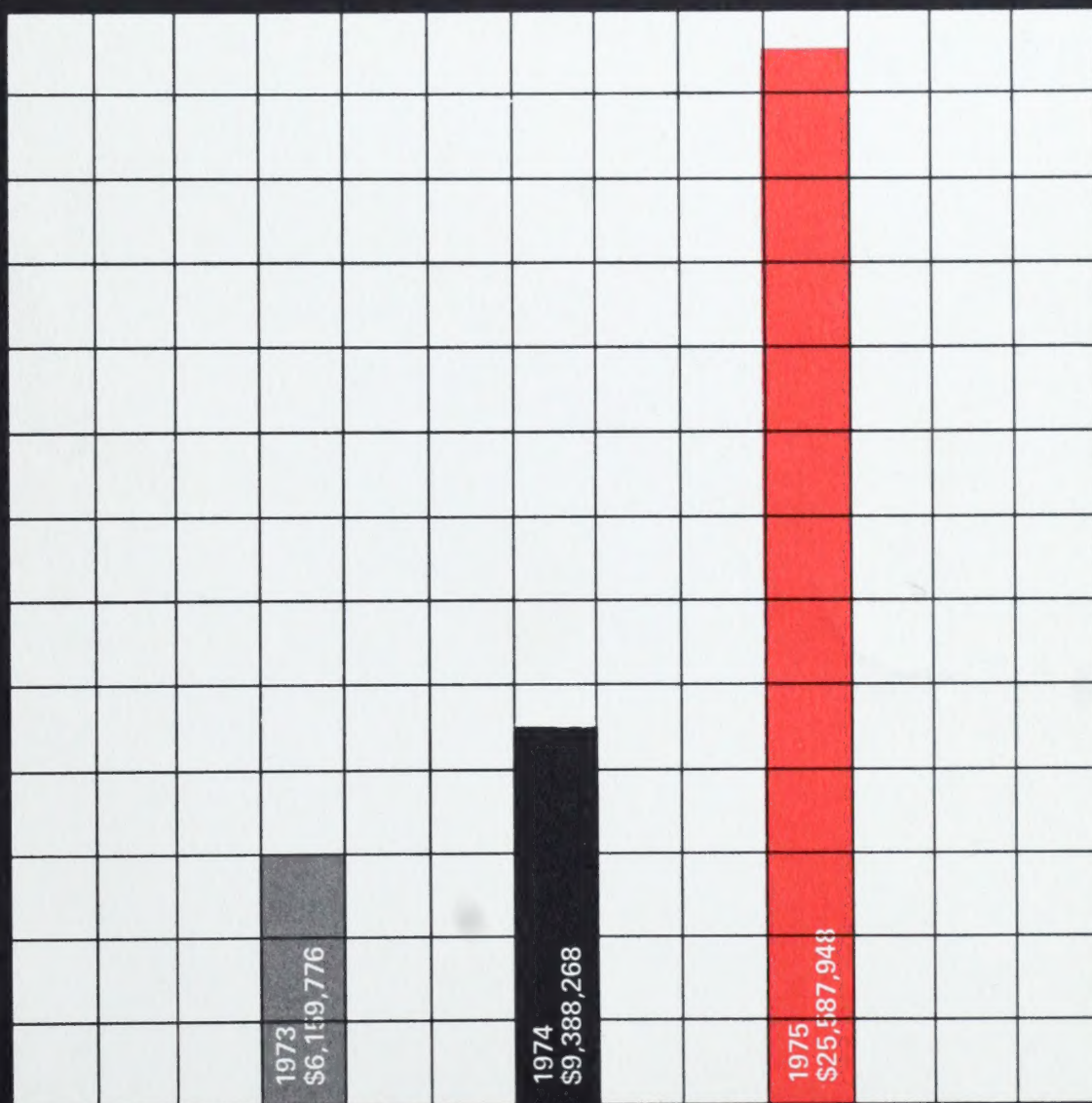


ANNUAL REPORT

APRIL 1, 1974 TO MARCH 31, 1975



Alberta
OPPORTUNITY COMPANY



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CANADIAN

ANNUAL REPORT

April 1, 1974
to
March 31, 1975

Alberta
OPPORTUNITY COMPANY

**THE ALBERTA OPPORTUNITY COMPANY
A CROWN CORPORATION, RESPONSIBLE TO
THE LEGISLATURE OF ALBERTA, THROUGH
THE MINISTER OF BUSINESS DEVELOPMENT & TOURISM
THE HON. ROBERT DOWLING**

BOARD OF DIRECTORS

R. W. Chapman, Edmonton, Chairman
E. A. Clarke, Ponoka, Managing Director
G. Buchanan, High Prairie
P. S. Grant, Calgary
N. Lawrence, P. Eng., Edmonton
L. Ordze, Camrose
N.F.W. Picard, Edmonton
W.H. Rogers, Calgary
M. Tanner, C.A., Lethbridge (Died, May 31, 1975)
J. Wilders, Ponoka

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THE YEAR IN REVIEW

The pace of our activity increased very substantially in the year just ended. In our normal lending operations we more than doubled our authorizations for the previous year — from \$9,388,268 to \$20,511,448. In addition to this, we also undertook towards the end of the year a special programme of financial assistance to the lumber industry (see additional comment following) which accounted for a further \$5,076,500 in loan authorizations. Thus for the year our total loan authorizations of \$25,587,948 were 2.7 times greater than those of the preceding year, or an increase of 172.6%. The quarter by quarter pattern of operations was:

<u>Yr. Ended Mar. 31, 1974</u>			<u>Yr. Ended Mar. 31, 1975</u>		
	<u>No. of Loans</u>	<u>\$ Value</u>		<u>No. of Loans</u>	<u>\$ Value</u>
1st Quarter	19	1,395,678		52	5,914,212
2nd Quarter	23	2,170,795		43	6,567,620
3rd Quarter	36	3,026,090		35	5,010,506
4th Quarter	40	2,795,705		61	8,095,610
	<u>118</u>	<u>\$ 9,388,268</u>		<u>191</u>	<u>\$ 25,587,948</u>

The average amount of our loans (excluding those to the lumber industry) increased to \$117,208 in the year just ended, compared to \$79,562 in the preceding year. This reflects two factors of which the first is the inflationary rise in costs of buildings and machinery which was general last year. The second factor was a greater proportion of relatively large loans: this in turn is a reflection of the steadily rising amounts of capital investment required by even small businesses if they are to remain competitive and efficient; some examples of these are provided at the end of this Report.

The actual breakdown of authorizations for the year (again excluding lumber loans) is as follows:

ANALYSIS OF LOANS BY SIZE

	<u>Proportion</u>	<u>Cumulative</u>
\$0 to \$50,000	52%	
\$50,001 to \$100,000	18%	70%
\$100,001 to \$200,000	12%	82%
\$200,001 to \$500,000	17%	98%
Above \$500,000	<u>1%</u>	<u>100%</u>
	100%	

The geographic distribution of our loans was similar to the previous year in that 73.1% of the dollar value went to the non-metropolitan areas of the province (compared to 72.2% in the preceding year) but did show a substantial change in the proportions going to the two metropolitan centres, as indicated in the following tabulation:

GEOGRAPHIC DISTRIBUTION OF LOAN AUTHORIZATIONS

	<u>Northern Alberta</u>	<u>Edmonton</u>	<u>Central Alberta</u>	<u>Calgary</u>	<u>Southern Alberta</u>
Mar. 31, 1974	26.7%	10.5%	21.7%	17.3%	23.8%
Mar. 31, 1975	26.9%	22.1%	19.6%	4.8%	26.6%

Because Edmonton has a larger number of small manufacturing businesses than does Calgary, we would normally expect a slightly larger proportion of our loans to go to Edmonton. To some degree the apparent distortions reflected in the above tabulations are simply the result of the artificial imposition of the year-end date: when the two years are averaged together the comparative proportions look more reasonable. Notwithstanding, the lower level of loan authorizations in Calgary this past year is of concern and we hope to substantially improve this performance in the current year.

We commented in last year's Annual Report that we wanted to give greater emphasis to loans to service businesses which, because of their greater lack of tangible security, have traditionally found it more difficult to obtain loans from conventional lenders. In the year just ended, the number of loans made to service businesses (92) for the first time exceeded the number of loans made to manufacturing businesses (83). The dollar value of loans to manufacturers does continue to be significantly larger than the dollar value of loans to service businesses. This reflects the proportionately greater investment in fixed assets required by manufacturers. The tabulation on the opposite page shows the distribution of loans by industry sector.

ANALYSIS OF LOAN AUTHORIZATIONS BY INDUSTRY SECTORS

AUTHORIZATIONS For Fiscal year ending March 31, 1975	THIS YEAR		% TO TOTAL		PREVIOUS YEAR		% TO TOTAL		TOTAL A.O.C. since inception		% TO TOTAL	
	No	\$	No	\$	No.	\$	No.	\$	No.	\$	No.	\$
MANUFACTURING												
Food & Beverage Processing	10	2,717,334	5.2	10.6	3	230,460	2.5	2.5	15	4,441,044	4.2	10.8
Agricultural Products & Machinery	4	188,700	2.1	0.7	5	554,860	4.2	5.9	12	1,517,560	3.4	3.7
Wood Products and Furniture	13	1,878,688	6.8	7.3	7	154,000	5.9	1.6	22	2,085,088	6.2	5.1
Metal Fabrication and Machinery	17	3,947,787	8.9	15.4	20	1,351,108	16.9	14.4	45	6,997,895	12.7	17.0
Manufactured Structures & Vehicles	11	2,330,600	5.6	9.1	11	668,595	9.3	7.1	25	3,135,800	7.1	7.6
Textiles and Clothing	5	235,230	2.6	0.9	2	51,500	1.7	0.5	10	319,623	2.8	0.8
Petrochemical & Plastic Products	3	147,550	1.6	0.6	8	534,820	6.8	5.7	13	760,370	3.7	1.8
Other Manufactured Products	20	2,320,675	10.5	9.1	19	1,302,450	16.1	13.9	47	4,200,375	13.3	10.2
TOTAL MANUFACTURING	83	13,766,564	43.4	53.8	75	4,847,793	63.6	51.6	189	23,457,755	53.6	57.0
SERVICE												
Tourist & Entertainment	7	880,464	3.7	3.4	12	3,425,815	10.2	36.5	23	5,216,057	6.5	12.7
Construction	3	196,000	1.6	0.7	—	— — —	—	—	3	196,000	0.8	0.5
Transportation	3	129,000	1.6	0.5	1	40,000	0.8	0.4	4	169,000	1.1	0.4
Business Services	24	2,024,475	12.6	7.9	13	527,560	11.0	5.6	41	2,720,235	11.6	6.6
Personal Services	46	2,817,945	24.1	11.0	4	325,700	3.4	3.5	54	3,196,045	15.3	7.8
Other Services	9	697,000	4.7	2.7	13	221,400	11.0	2.4	23	1,104,400	6.5	2.7
TOTAL SERVICES	92	6,744,884	48.2	26.4	43	4,540,475	36.4	48.4	148	12,601,737	41.9	30.6
LUMBER INDUSTRY	16	5,076,500	8.4	19.8	—	— — —	—	—	16	5,076,500	4.5	12.4
TOTAL AUTHORIZATIONS	191	25,587,948			118	9,388,268			353	41,135,992		

These industry sector statistics do not in themselves convey as well as we would like the wide variety of the types of businesses that we deal with or the projects with which we have assisted. Although it is not practicable to give detailed information on the more than 400 loans now outstanding, we have provided information on what we think is a representative cross-section of our loans in a special section at the end of this Report.

Total A.O.C. loans and guarantees of \$25,587,948 assisted in financing projects with a total cost of \$35,660,680 in the past year. The following tabulation provides a breakdown:

Total Project Costs

Land	\$ 1,548,701 — 4%	A.O.C. Loans	\$23,592,098 — 66%
Buildings	\$11,660,417 — 33%	A.O.C. Loan Guarantees	\$ 1,995,850 — 6%
Machinery & Equipment	\$ 8,248,111 — 24%	Owners' Equity	\$ 3,124,239 — 9%
Working Capital	\$12,667,723 — 35%	Working Capital	\$ 999,086 — 3%
Miscellaneous	\$ 1,499,728 — 4%	Miscellaneous	\$ 1,064,210 — 3%
		Other Lenders	\$ 4,885,197 — 13%
	<u>\$35,660,680</u>		<u>\$35,660,680</u>

We have referred earlier to a special programme of loans to the lumber industry. Towards the end of 1974, and early in 1975, it became apparent that the collapse of lumber prices would make it uneconomic for many Alberta operators to continue operations. However, it also appeared that this was likely to be a relatively short term drop, and that with the revival of housing construction anticipated to commence in 1975-76 in both the U.S. and Canada, operators would once again be able to sell their production profitably. The Government of Alberta, after meeting with members of the industry, agreed in January 1975 to give special financing assistance which would enable the operators to continue their operations and to stockpile logs and lumber until prices returned to reasonable levels. The working capital required for this stockpiling has been supplied by A.O.C., and the cost of this financing has been subsidized to the operators by the Alberta Department of Business Development and Tourism which pays half of A.O.C.'s normal interest charge. By the fiscal year end, we had provided 16 loans, totalling \$5,076,500. It appears at this date that total loans for this programme will total approximately \$11,000,000 and that these will for the most part be repaid prior to the end of the current fiscal year.

In August 1974 we opened new A.O.C. Branch offices in Lethbridge and Grande Prairie, and this has substantially improved our service to the northern and southern areas of Alberta. Overall, our staff increased by 12 persons, from 48 at the end of the preceding year to 60 at March 31, 1975. We now have 35 persons (57%) employed at our Ponoka head office, 15 persons (25%) in branch offices, and 10 persons (18%) in our Crown Assets Disposal warehouses in Calgary and Edmonton. The overall staff increase of 25% compares favourably with our 173% increase in loan authorizations and the 40% increase in Crown Asset sales.

Our profit on operations also increased substantially, to \$1,025,944 in the year just ended, compared to \$287,583 in the preceding year. During the past year we continued with an interest rate structure which in general is kept closely related to chartered bank prime rates. We however do make provision for incentive reductions of up to 2% to small businesses in small communities where conventional medium to long term lenders are not active, and conversely provides for higher rates of interest to large businesses in large communities where conventional lending institutions are more ready to provide business financing. Our interest income for the past year represents 7.8% of the average loan balances outstanding during the year. Because commercial interest rates gradually rose during the year, and A.O.C. rates were adjusted to follow, the year-end weighted average rate on our outstanding loans increased to 8.6%.

The most significant factor contributing to our profit improvement was the reduction in the provision required for doubtful loans, to \$225,636 for the year just ended, compared to \$479,366 in the preceding year. Our total reserve for doubtful loans at March 31, 1975 represented just over 4% of outstanding loans and guarantees, compared to 6% for the preceding year. We do not anticipate that this will prove to be a permanent reduction: there can be a substantial time lag between the date a loan is authorized and the subsequent completion of the project, and usually it is some time after this that the business may encounter difficulties. Some of the large number of new loans authorized in the past year have simply not had time to get into difficulty yet.

The reserve established for Industrial Incentive Loans is the final amount which will be required under this discontinued programme. (See financial statement notes for additional detail.)

In November 1974 the Alberta Legislature increased the amount of our Fund from \$50,000,000 to \$100,000,000 which will be adequate for the foreseeable future.



OFFICE OF THE PROVINCIAL AUDITOR

AUDITOR'S REPORT

To the Board of Directors of the
Alberta Opportunity Company

I have examined the balance sheet of the Alberta Opportunity Company as at March 31, 1975 and the statement of income and expenses and statement of operations — surplus sales for the year then ended. My examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as I considered necessary in the circumstances.

In my opinion these financial statements present fairly the financial position of the Company as at March 31, 1975 and the results of its operations for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

A handwritten signature in dark ink, appearing to read "D. C. W. Rogers".

C.A.
Provincial Auditor.

Edmonton, Alberta
May 23, 1975

ALBERTA OPPORTUNITY COMPANY

BALANCE SHEET
AS AT MARCH 31, 1975
(with comparative figures)

ASSETS

	<u>1975</u>	<u>1974</u>
Cash	\$ 8,272	\$ 86,312
Funds held in lawyers' trust account	264,439	
Accounts receivable (after allowance for doubtful accounts of \$11,451; \$7,595 - 1974)	5,653	53,250
Prepaid expenses	3,055	3,771
	<u>281,419</u>	<u>143,333</u>
Loans receivable, including accrued interest	35,116,078	22,488,754
Inventories:		
Subject to repurchase agreements at cost less deposits (Note 2)	150,664	453,825
Held for resale at estimated realizable value		10,000
	<u>35,266,742</u>	<u>22,952,579</u>
Less: Allowance for doubtful accounts (Note 3)	1,524,953	1,300,947
	<u>33,741,789</u>	<u>21,651,632</u>
Industrial incentive loans receivable (Note 4)	1,913,238	1,237,914
Less: Allowance for possible forgiveness	1,913,238	1,237,914
	<u>1</u>	<u>1,250,001</u>
Mineral titles, leaseholds and miscellaneous assets (Note 5)	1	1,250,001
Equipment (at cost less accumulated depreciation of \$11,234; \$7,739 - 1974)	23,895	15,490
Building under construction (Note 6)	268,928	
	<u>34,316,032</u>	<u>23,060,456</u>
Trust assets (Note 9)	77,555	70,502
	<u>\$34,393,587</u>	<u>\$23,130,958</u>

The accompanying notes are part of
these financial statements.

STATEMENT "A"

LIABILITIES

	<u>1975</u>	<u>1974</u>
Bank overdraft	\$ 656,085	\$
Accounts payable	126,793	53,323
Holdbacks payable, including accrued interest	87,197	
Undistributed proceeds from disposal of surplus crown assets (Note 10)	<u>154,513</u>	<u>43,309</u>
	1,024,588	96,632
Payments received under option agreement (Note 5)		755,000
Advances from Province of Alberta	33,041,146	22,309,146
Retained earnings:		
Balance, beginning of year	(100,322)	368,289
Add: Net Profit (Loss) - Statement B	<u>350,620</u>	<u>(468,611)</u>
Balance, end of year	<u>250,298</u>	<u>(100,322)</u>
	34,316,032	23,060,456
Trust Liabilities (Note 9)	<u>77,555</u>	<u>70,502</u>
	<u>\$34,393,587</u>	<u>\$23,130,958</u>

ALBERTA OPPORTUNITY COMPANY
SCHEDULES OF EXPENSES
FOR THE YEAR ENDED MARCH 31, 1975
 (with comparative figures)

	<u>SCHEDULE "1"</u>	<u>1975</u>	<u>1974</u>
Staff			
Salaries and wages		\$591,260	\$379,698
Pension plans		30,435	18,294
Unemployment insurance		5,432	2,589
Medical and group insurance		4,358	2,933
Parking		244	1,339
Educational assistance		997	1,286
Recruitment expense		6,461	6,216
Relocation expense		49,139	67,065
		<u>\$688,326</u>	<u>\$479,420</u>

	<u>SCHEDULE "2"</u>		
Other Manpower			
Board of Directors' fees		\$ 15,875	\$ 5,900
Professional and other fees:			
Legal		157,490	84,814
Consultants		25,369	9,007
Bonded agents		350	1,051
Appraisers		443	2,647
Credit reporting agencies		3,764	3,165
		<u>\$203,291</u>	<u>\$106,584</u>

	<u>SCHEDULE "3"</u>		
Communications:			
Telephone and telegraph		\$ 18,411	\$ 13,915
Mail and messenger service		3,314	2,611
Travel		46,736	20,507
Brochures		6,894	1,793
		<u>\$ 75,355</u>	<u>\$ 38,826</u>

	<u>SCHEDULE "4"</u>		
Other Operating Expenses:			
Office supplies and services		\$ 22,443	\$ 19,175
Vehicle and equipment		3,629	3,355
Fees and subscriptions		2,613	1,970
Depreciation		3,018	2,079
Prepayment discount (Note 5)		18,200	
Interest on debenture			3,665
Miscellaneous		2,736	2,184
		<u>\$ 52,639</u>	<u>\$ 32,428</u>

OFFICE OF THE PROVINCIAL AUDITOR

STATEMENT "B"ALBERTA OPPORTUNITY COMPANYSTATEMENT OF INCOME AND EXPENSES
FOR THE YEAR ENDED MARCH 31, 1975
(with comparative figures)

	1975	1974
Income		
Interest on loans	\$ 2,240,509	\$ 1,357,236
Interest on inventory contracts	16,560	58,594
Interest on investments		5,897
Guarantee fees	12,204	1,910
Miscellaneous	1,918	570
	<u>2,271,191</u>	<u>1,424,207</u>
Expenses		
Staff - Schedule 1	688,326	479,420
Other manpower - Schedule 2	203,291	106,584
Communications - Schedule 3	75,355	38,826
Other operating expenses - Schedule 4	52,639	32,428
	<u>1,019,611</u>	<u>657,258</u>
Net income before the undernoted:	1,251,580	766,949
Provision for doubtful accounts, estimated loss on guarantee and estimated loss on disposal of inventories under agreement and held for resale	<u>225,636</u>	<u>479,366</u>
PROFIT ON OPERATIONS	1,025,944	287,583
Provisions for possible forgiveness of industrial incentive loans	675,324	786,855
Extraordinary income		(30,661)
NET PROFIT (LOSS)	<u>\$ 350,620</u>	<u>\$ (468,611)</u>

ALBERTA OPPORTUNITY COMPANY
NOTES TO FINANCIAL STATEMENTS
AS AT MARCH 31, 1975

Note 1. Authority

The Alberta Opportunity Company operates under the authority of The Alberta Opportunity Fund Act, Chapter 11, Statutes of Alberta, 1972.

Note 2. Inventories (held under inventory financing programme for manufacturers)

	Subject to Repurchase Agreements	
	<u>1975</u>	<u>1974</u>
Cost	\$ 188,330	\$ 585,535
Less: Deposit thereon	<u>37,666</u>	<u>131,710</u>
	<u>\$ 150,664</u>	<u>\$ 453,825</u>

Note 3. Allowance for Doubtful Accounts

	<u>Opening Balance</u>	<u>Current Provision</u>	<u>Written Off</u>	<u>Closing Balance</u>
Loans receivable	\$1,280,947	\$ 232,095	\$ 3,089	\$1,509,953
Guarantees		15,000		15,000
Inventories, subject to repurchase agreement	<u>20,000</u>	<u>(20,000)</u>		
	<u>\$1,300,947</u>	<u>\$ 227,095</u>	<u>\$ 3,089</u>	<u>\$1,524,953</u>
Accounts receivable	<u>\$ 7,595</u>	<u>\$ 21,871</u>	<u>\$ 18,015</u>	<u>\$ 11,451</u>
Inventories, held for resale		<u>(23,330)</u>		
		<u>\$ 225,636</u>	<u>\$ 21,104</u>	

Note 4. Industrial Incentive Loans

These loans were made under authority of The Industrial Development Incentives Act which provided that, with the approval of the Lieutenant Governor in Council, repayment of the loans may be forgiven in whole or in part, providing that no loan may be wholly forgiven before the expiration of five years from the date money was first advanced under the loan. During this five year period, no interest is charged on a loan and no repayment of principal is required providing a borrower continues in operation and meets certain other conditions.

Note 5. Mineral Titles, Leaseholds and Miscellaneous Assets, Payments Received Under Option Agreement and Prepayment Discount

Title to these assets was acquired by the Alberta Industrial Corporation (a predecessor organization) from Brazeau Collieries Limited as consideration for the settlement of Brazeau's indebtedness to the Corporation. An option agreement dated April 15, 1971 granted Brazeau Collieries Limited an option to purchase these assets, exclusive of the Nordegg townsite lease carried at a nominal value of \$1, for the sum of \$1,250,000. Brazeau Collieries Limited exercised their option in 1974 by prepaying the final instalment, less a prepayment discount of \$18,200 as provided for in the option agreement.

Note 6. Building Under Construction

Financial assistance has been made available to a client of the company which provides for the construction of a building and its subsequent lease to the client upon completion.

Note 7. Contingent Liabilities

The company is contingently liable as guarantor of certain loans aggregating \$1,602,900 at March 31, 1975, and was contingently liable for loans aggregating \$574,400 at March 31, 1974.

Note 8. Commitments

Authorizations to be disbursed at March 31, 1975 and March 31, 1974

	<u>1975</u>	<u>1974</u>
Loans	\$19,605,406	\$11,046,697
Guarantees	636,000	405,000
Inventory contracts	200,970	283,219
	<u>20,442,376</u>	<u>11,734,916</u>
Industrial incentive loans		766,184
Building under constuction	130,504	
	<u>\$20,572,880</u>	<u>\$12,501,100</u>

Note 9. Trust Assets and Liabilities

Under the authority of Order-in-Council 989/71 the Alberta Commercial Corporation, a predecessor organization, administered funds deposited with the company by the Human Resources Development Authority for the creation of employment opportunities for local people including those of native origin.

The trust funds under administration at March 31, 1975 and 1974 due to the Province of Alberta are as follows:

	<u>1975</u>	<u>1974</u>
Trust funds due to the Province:		
Advances from Province	\$229,970	\$229,970
Less deficit:		
Deficit balance, beginning of year	159,468	164,339
Add expenses:		
Provision for doubtful accounts	(113)	424
	<u>159,355</u>	<u>164,763</u>
Less earnings	6,940	5,295
Deficit balance, end of year	<u>152,415</u>	<u>159,468</u>
Trust funds due to the Province	<u>\$ 77,555</u>	<u>\$ 70,502</u>
Trust assets consist of:		
Cash and short term deposits	\$ 59,684	\$ 50,432
Loans receivable (less allowance for doubtful accounts of \$4,311; \$8,483 - 1974)	<u>17,871</u>	<u>20,070</u>
	<u>\$ 77,555</u>	<u>\$ 70,502</u>

Note 10. Surplus Sales

The Alberta Opportunity Company acts as agent of the Government for the disposal of items of material, equipment and other assets declared surplus to the needs of:

1. Departments of the Government
2. Other organizations:
 - a) Any corporation that is an agent of the Crown
 - b) And by agreement, with any board, corporation, commission and institution receiving any portion of its operating funds from the Government.

Wherever possible the assets are placed back in Government service. To make this policy attractive to an acquiring Government department when purchasing assets declared surplus by another Government department, a discount of 90% of the selling price is allowed.

The surplus assets are sold either from their location at the declaring organization's site or from the display area of the warehouse sales outlets in Edmonton and Calgary. Sales are made for cash by way of public auction, public tender or through general advertising. The assets are sold on a first come first served basis and on an as is, where is condition.

The net proceeds of sale of items from Government departments, less operating expenses, are returned to the Government. In the case of other organizations from which the surplus assets were received the proceeds are returned directly to them, less a handling charge of 10% of the selling price. This handling charge amounts to \$55,035 in 1975, \$33,840 for the year ended March 31, 1974.

The distribution of net proceeds on surplus assets sales for the year ended March 31, 1975 and the year ended March 31, 1974 is as follows:

	<u>1975</u>	<u>1974</u>
Undistributed, proceeds from disposal of surplus crown assets, beginning of year	\$ 43,309	\$ 58,803
Net proceeds	<u>721,440</u>	<u>519,941</u>
	<u>764,749</u>	<u>578,744</u>
Amount distributed:		
To Government	141,406	189,798
To other organizations	<u>468,830</u>	<u>345,637</u>
	<u>610,236</u>	<u>535,435</u>
Undistributed, proceeds from disposal of surplus crown assets, end of year	<u><u>\$154,513</u></u>	<u><u>\$ 43,309</u></u>

ALBERTA OPPORTUNITY COMPANY
STATEMENT OF OPERATIONS – SURPLUS SALES
FOR THE YEAR ENDING MARCH 31, 1975
(with comparative figures)

	<u>1975</u>	<u>1974</u>
Income		
Gross sales	\$918,618	\$658,697
Less: Discount allowed		
Government departments	68,781	42,999
	<u>849,837</u>	<u>615,698</u>
Expenses		
Staff		
Salaries and wages	101,766	71,688
Pension plans	5,042	3,595
Unemployment insurance	1,290	669
Medical and group insurance	864	705
	<u>108,962</u>	<u>76,657</u>
Communications		
Telephone and telegraph	510	659
Mail	310	504
Travel	4,063	3,243
Advertising	2,909	4,895
	<u>7,792</u>	<u>9,301</u>
Other Operating Expenses		
Office supplies and services	5,137	3,635
Preparation for sale	2,924	4,881
Vehicle and equipment	127	237
Depreciation	477	480
Miscellaneous	313	246
	<u>8,978</u>	<u>9,479</u>
Provision for doubtful accounts	2,665	320
	<u>128,397</u>	<u>95,757</u>
Net proceeds on operations	<u>\$721,440</u>	<u>\$519,941</u>

A CROSS - SECTION OF A.O.C. LOANS

At March 31, 1975 A.O.C. had outstanding loan commitments totalling over \$59,000,000 to 434 businesses located in over 130 communities of Alberta. These loans range from as low as a few hundred dollars to amounts of more than a million dollars. Loans in amounts less than \$50,000 represent just over half the total.

Many of these loans are related to the products or services created or used by our basic industries of agriculture, oil and tourism. For example:

Bairmac Industries Ltd., Calgary, (loan \$51,400) is a small 5 man machine shop which manufactures specialty parts for trailers and farm implements.

Kuelker's Farm Service Ltd., Didsbury, (\$120,000 guarantee of bank loan), a company manufacturing silage wagons.

Redwater Machining & Manufacturing Co. Ltd., Redwater, (loan of \$70,000), is a new company started by 3 young men to provide specialized machining services for oil industry equipment.

Steel Flo Industries Ltd., Turner Valley, (loan of \$250,000), is another new company manufacturing cold-drawn steel headers for oil and gas transmission lines. Its high quality product and superior technology have already earned significant export sales.

Backstrom's Coffee Shop, Indian Cabins, (loan of \$50,000) is a small tourist business in Alberta's most northerly community.

Silver Summit Ski Resort, Edson, (loan of \$70,000), is adding a new T Bar lift to improve its facility.

Sawridge Native Enterprises Ltd., Slave Lake, (loan of \$500,000), operates a highly successful resort motel. The business is owned and staffed by members of the local Indian band.

New Technology

Many A.O.C. loans have assisted Albertans to develop new technologies. Some of these are modest in scope, and some have potential for development of significant new industries in Alberta. For example:

Ritter Engineering Ltd., Calgary, (loan of \$285,000), has developed a new methodology for separating gases. One product, generating oxygen for medical purposes, is now being commercially produced and sold, and other products with industrial applications are being developed.

Spencer-Lemaire Ltd., Edmonton, (loan of \$48,000, bank guarantee of \$50,000), has pioneered new methods of heat-forming plastics to produce containers and other plastic items at high speed and low cost.

Plastopole Ltd., Wetaskiwin, (loan of \$400,000), is being established to manufacture light standards from fibreglass. The poles' lighter weight and greater strength compared with competitive steel, cement and wood poles should enable the company to capture a wide market, notwithstanding transportation costs.

Import Replacement

There are many opportunities in Alberta to establish new businesses to produce for local or Western markets products which are presently imported. For example:

Alberta Clay Tile Ltd., Calgary, (loan of \$46,000), is manufacturing ceramic tiles for floors and countertops. Hitherto ceramic tiles have had to be imported from Europe or the U.S.A.

Maloney Electric Ltd., Spruce Grove, (loan of \$250,000), chose to build a new plant to manufacture electrical transformers in Alberta rather than expand its other plant in Ontario.

Women in Business

Women play an active part in many small family businesses, most often acting as highly effective "Comptrollers". Beyond this, however, Alberta women have also shown that many of them have the same degree of entrepreneurial enterprise as their male counterparts. For example:

Mrs. Lee Fuge is President of Canon Metal Industries Ltd., Calgary, (loan of \$56,000 and bank guarantee of \$12,500), which was formed to take over and re-vitalize a company which had become insolvent under its previous (male) management.

Mrs. Pearl Penner, Linden, (loans of \$12,800 and \$10,000), initially received A.O.C. assistance to take over a local restaurant and then, with its success, she established a small motel in her community.

Mrs. Pearl Card, Westlock, (loan of \$20,000), with a disabled husband and a young son has kept her family from requiring welfare assistance by establishing a bottle collection depot in her community.

Basic Industry

Relative smallness of Western markets and high transportation costs have made difficult the development of heavy basic industry such as characterizes central Canada. Some, however, are becoming feasible on a smaller scale. Although A. O. C. loans in such cases are substantially higher than average, it is important to bear in mind that the recipients are themselves still "small businesses" when compared to others in their industry. For example:

Houg Cement Ltd., Clyde, (loan of \$1,000,000), is a fully integrated producer of Portland cement. This family owned business has just commenced production and this will help to relieve the shortage of cement which Alberta experienced in 1974.

Lethbridge Iron Works Ltd., Lethbridge, (loan of \$1,539,000), is building a fully automated iron foundry in that community's new industrial park, to replace the foundry which was established in the city centre many years ago. Production from the new foundry will also serve customers in the western United States.

Sophisticated Manufacturing Processes

Many A. O. C. borrowers have manufacturing technologies, designs and management teams that are competitive or superior to those of other companies all over the world. For example:

Foremost International Industries Ltd., Calgary, (bank guarantee of \$300,000), manufactures large and highly specialized vehicles that are used in the swamps and desert regions of many countries, as well as the Arctic areas of Canada and Russia.

Com-Pak Foods Ltd., Lethbridge, (loan of \$1,200,000), is building a highly automated and efficient plant to produce "instant meals" for institutions such as hospitals, oil camps, etc., of very high quality, utilizing products of Alberta farms.

Hansa Iron Works Ltd., Nisku, (loan of \$220,000), manufactures overhead cranes for use in industrial buildings and thereby substantially contributes to the capability and efficiency of many other Western manufacturers.

Porta-Test Engineering Ltd., Edmonton, (loan of \$100,000) and Porta-Test Manufacturing Ltd., Edmonton, (loan of \$400,000), are world leaders in the design and manufacture of highly sophisticated testing equipment and other products used by the petroleum and petro-chemical industries.

Communications

This heading covers a very wide range of businesses in a field which, because of long distances and relatively small population, is of unique importance to the western provinces. Some examples are:

Tall Taylor Publishing Ltd., Calgary, (loan of \$60,000), represents an outlet for Western Canada fiction writers in paperback book form. (The President, Gladys Taylor, is another example of Alberta women in business.)

Murray's Aircraft Repair, Brooks, (loan of \$31,000), provides light aircraft maintenance, a service which is becoming increasingly important to the large number of Albertans who travel throughout the province in their own aircraft.

Crowsnest Cable TV Ltd., Coleman, (loan of \$161,000), will provide reliable television reception to residents of the Crowsnest Pass who, like other Albertans in the eastern slopes of the Rocky Mountains, have had difficulty in obtaining their favourite television programmes.

Small Community Redevelopment

Many small communities of Alberta have experienced declining trends in their population and commerce. Reversing this trend wherever possible has been a priority for A. O. C. Local initiative is still the key factor and, when this is present, A. O. C. is ready to provide the necessary capital. For example:

Standard Co-Op Ltd., Standard, (loan of \$140,000). This community of 300 persons faced the closure of three of its stores because the owners were past retirement age and had not been able to sell their businesses. A local group bought the old buildings, tore them down and replaced them with a modern shopping centre.

Small Businesses

Some of the preceding examples have described medium or larger sized businesses for which A. O. C. has provided financing because it was not available from conventional lending institutions. Although these are undoubtedly important to the economic development of Alberta, so also are the truly small business entrepreneurs such as:

John Talsma, a blacksmith at Bently (loan of \$15,000)

Echo Printing, a local newspaper at High Prairie (loan of \$30,000)

Gary Primrose, a saddle manufacturer at Carstairs (loan of \$11,500)

Ron Damberger, a plumber at Daysland (loan of \$33,000)

James Toews, a garage operator at Waskatenau (loan of \$10,000)

Frank Berke, a jewellery store at Hanna (loan of \$20,000)

